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**NEW ORLEANS REDEVELOPMENT AUTHORITY**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING AGREED-UPON PROCEDURES**

**FOR THE SIX MONTHS ENDED JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/7/05



**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA

**INDEPENDENT ACCOUNTANTS' REPORT  
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Ms. Lisa Mazique, Executive Director  
**New Orleans Redevelopment Authority**

At your request, we have performed the agreed-upon procedures as enumerated below, which were agreed to by the management of **New Orleans Redevelopment Authority (NORA)**, solely to assist you with respect to selected aspects of your internal control system. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

**Procedures**

Reviewed bank account reconciliations for completeness to include the timely preparation and evidence of supervisory review.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
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**(CONTINUED)**

**Findings**

Our review of **NORA's** bank reconciliation procedures and reconciled bank accounts for June 2004, revealed the following conditions:

- Noted evidence of supervisory review and approval of all bank account reconciliations at the management level for the months of January through June 2004;
- **NORA's** June 30, 2004 Revolving Fund bank account reconciliation reflected an adjusted bank balance of \$339,007.08 versus a general ledger balance of \$337,207.08 resulting in an out of balance condition of \$1,800;
- Revolving Fund bank account reconciliation had a stale dated check number 8123 payable to a Shelter Plus Program owner for \$251 dated April 8, 2003. Also noted a check payable to a vendor dated November 19, 2003 for \$265 that was stale dated. It is our understanding that management is in discussion with the vendor regarding the status of the outstanding check; and
- Noted several checks and a general journal in the uncleared checks section of the revolving fund bank account reconciliation (dating as far back as September 2002) payable to the Civil District Court for expropriation related activities.

**Procedures**

Reviewed completeness of financial statements (Statement of Revenues and Expenditures, and Balance Sheet) for all programs as of and for the six (6) months ended June 30, 2004.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
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**(CONTINUED)**

**Findings**

Our review of the balance sheet and statement of revenues and expenditures (fund level) as of and for the six (6) months ended June 30, 2004, for the Blighted Program, Shelter Plus and "REALM" Programs, revealed no significant changes in operations by comparison to the financial statements for the year ended December 31, 2003.

Currently, management is not being provided with financial statements on a consistent basis to include budgeted and actual cost comparisons, schedule of landbank inventory, schedule of gain/loss on sale of inventory, cash flow projections, and cost reports.

Subsidiary ledgers for significant general ledger accounts such as acquisition deposits, prepaid acquisition costs, unimproved land inventory, and interfund activities, are not being maintained and/or reconciled to the respective general ledger control accounts on a timely basis.

**Procedures**

Reviewed budgeted and actual variance reports for all programs for the six (6) months ended June 30, 2004 for completeness.

**Findings**

We noted that a cumulative year-to-date budgeted and actual variance report for the Blighted Properties program is generated from the Quick Books Pro Software program upon request. Based on our review of the cumulative year-to-date budgeted and actual variance report for the Blighted Properties Program for the six months ended June 30, 2004, we noted no significant variances.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES**

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**(CONTINUED)**

**Procedures**

Reviewed completeness of cost reports prepared and/or submitted to the City of New Orleans.

**Findings**

Submission of cost reports for January through June 2004 is pending approval of **NORA's** proposed 2004 budget previously submitted to the City of New Orleans. Furthermore, our review of the January through June 2004 cost reports prepared by **NORA** in anticipation of the budget approval by the City of New Orleans revealed the following:

- Check numbers 9385 and 9386 had no amounts written in the pay amount section of the check. They appear to have been issued with the amount section blank;
- Check number 9364 had no supporting documents attached; and
- Check number 9391 had no original invoice attached.

**Procedures**

Reviewed all quarterly tax filings for completeness and timeliness in submission.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES**

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**(CONTINUED)**

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**Findings**

Our review of NORA's quarterly tax filings for the quarters ended March 31 and June 30, 2004 revealed the following:

- All quarterly reports (IRS form 941, State of Louisiana form L-1 and Employer Wage report) were submitted on a timely basis; and
- Noted completeness of all reports filed except for the State Unemployment report for the quarters ended March 31 and June 30, 2004. The wage base used in the determination of the unemployment taxes due on six (6) employees for the March 31, 2004 and five (5) for the quarter ended June 30, 2004 were understated resulting in an understatement and payment of unemployment taxes.

**Procedures**

Reviewed all landbanking activities to ensure the accurate and timely identification and recordation of all real property transactions.

**Findings**

While NORA's accounting department has initiated the recordation of landbanking activities, total landbank acquisition costs for each property acquired are not being tracked on a property by property basis. Specifically, we noted that legal costs associated with landbanking activities were not included in the report on landbank acquisition costs provided to us.

**Procedures**

Reviewed NORA's compliance with its monthly report of its blighted properties conditions to the City of New Orleans

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
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**(CONTINUED)**

**Findings**

Our review of reports submitted for the months of January, March and June 2004 revealed the following conditions:

We were unable to agree the following reported activities to the respective supporting documents;

- Number of properties available for purchase for the months of January, March and June 2004;
- Number of cases sent to **NORA's** attorney for the months of January and June 2004;
- Number of vacant lots available for June and March 2004;
- Number of cases received for the month of January 2004;
- Number of action deferred cases for the months of January, March and June 2004;
- Number of properties renovated for the month of June 2004; and
- Notices mailed to blighted property owners for the months of January, March and June 2004.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES**

(CONTINUED)

**OTHER MATTERS**

**STATUS OF PRIOR YEAR'S AUDIT FINDINGS**

<u>Reference Number</u>	<u>Description</u>	-----STATUS-----		
		<u>Corrected</u>	<u>Partially Corrected</u>	<u>Not Corrected</u>
2003-01	Lacking Bond Commission approval for line of credit			X
2003-02	August 2003 programs report year to date commutative balance at July 31, 2003 did not agree to the August 1, 2003 balance			X
2002-01	Subsidiary ledgers for significant accounts are not maintained		X	
2002-02	Inaccurate reporting of monthly program statistics		X	



**INDEPENDENT ACCOUNTANTS' REPORT  
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(CONTINUED)

**OTHER MATTERS, CONTINUED**

STATUS OF PRIOR YEAR'S AUDIT FINDINGS, CONTINUED

<u>Reference Number</u>	<u>Description</u>	-----STATUS-----		
		<u>Corrected</u>	<u>Partially Corrected</u>	<u>Not Corrected</u>
2001-02	Accounting for landbanking activities		X	
1998-03 and 1997-01	Significant interfund advances			X
1997-03	Periodic reconciliation and analysis of significant subsidiary ledgers to general ledger control accounts			X

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**(CONTINUED)**

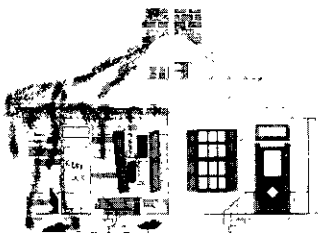
We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of the Executive Director, her designees Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified users. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

January 7, 2005



# NORA

New Orleans Redevelopment Authority

Reclaiming Our Past...Building Our Future

January 7, 2005

Bruno & Tervalon LLP  
Certified Public Accountants  
4298 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Sirs:

Enclosed is our response to the findings resulting from your performance of agreed-upon procedures for the six months year ended June 30, 2004. The response includes, where applicable, the corrective action plan and anticipated completion date.

If any further information is required, do not hesitate to contact me at (504) 658-4271.

Sincerely,

Lisa Mazique  
Executive Director

LM/ah

Enclosures





# NORA

New Orleans Redevelopment Authority

Reclaiming Our Past...Building Our Future

Below you will find our management response and corrective action plan to the Agreed-Upon Procedures Report for the six months ended June 30, 2004.

## **Findings**

The review of NORA's bank reconciliation procedures and reconciled bank accounts for June 2004, revealed the following conditions:

- NORA's June 30, 2004 Revolving Fund bank account reconciliation reflected an adjusted bank balance of \$339,007.08 versus a general ledger balance of \$337,207.08 resulting in an out of balance condition of \$1,800;
- Revolving Fund bank account reconciliation had a stale dated check number 8123 payable to a Shelter Plus Program owner for \$251 dated April 8, 2003. Also noted a check payable to a vendor dated November 19, 2003 for \$265 that was stale dated. It is our understanding that management is in discussion with the vendor regarding the status of the outstanding check; and
- Noted several checks and a general journal in the uncleared checks section of the Revolving Fund bank account reconciliation (dating as far back as September 2002) payable to the Civil District Court for expropriation related activities.

## **Management Response**

- The out of balance amount of \$1,800 on the Revolving Fund bank account reconciliation for June 30, 2004 was due to a voided check, after the reconciliation for June 30, 2004 was completed. Using our current accounting system, Quick Books Pro, if the check was written in a previous period and the books are closed for that period you cannot go back and adjust the expenses paid. However, management has resolved this issue by preparing revised bank reconciliations, when these instances occur.
- Subsequent to the review of check numbers 8123 and 8877 they have been voided in QuickBooks Pro.
- Checks made payable to Civil District Court may take anywhere from one month to 36 months to clear. Due to the lengthy litigation process for expropriating



properties, NORA cannot control the timeliness of when these checks are deposited. However, beginning in February of 2004, management has developed a new system of disbursing checks for expropriation related activities. Currently checks written for expropriation related activities are now made payable directly to the vendor involved, instead of the Civil District Court.

### **Findings**

Currently, management is not being provided with financial statements on a consistent basis to include budgeted and actual cost comparisons, schedule of landbank inventory, schedule of gain/loss on sale of inventory, cash flow projections, and cost reports.

Subsidiary ledgers for significant general ledger accounts such as acquisition deposits, prepaid acquisition cost, unimproved land inventory, and interfund activities, are not being maintained and/or reconciled to the respective general ledger control accounts on a timely basis.

### **Management Response**

Management has established new procedures that include monthly meetings to review and discuss prior month's financial statements, reconciled subsidiary ledgers to include budget to actual cost comparisons, schedule of landbank inventory, schedule of gain/loss on sale of inventory, and cost reports and other subsidiary ledgers.

### **Findings**

Submission of cost reports for January through June 2004 is pending approval of NORA's proposed 2004 budget previously submitted to the City of New Orleans. Furthermore, our review of the January through June 2004 cost reports prepared by NORA in anticipation of the budget approval by the City of New Orleans revealed the following:

- Check numbers 9385 and 9386 had no amounts written in the pay amount section of the check. They appear to have been issued with the amount section blank;
- Check number 9364 had no supporting documents attached; and
- Check number 9391 had no original invoice attached.

### **Management Response**

Check numbers 9385 and 9386 are checks for filing fees, the actual amount of the check is not determined until all supporting documentation is verified at the vendor's office

(Registrar of Conveyance and Office of Notarial Archives). The dollar value of the check is written in at that time. Management is currently evaluating this process, expected resolution date October 31, 2005.

NORA has obtained supporting documentation for check numbers 9364 and 9391.

### **Findings**

Our review of NORA's quarterly tax filings for the quarters ended March 31 and June 30, 2004 revealed the following:

- Noted completeness of all reports filed except for the State Unemployment report for the quarters ended March 31 and June 30, 2004. The wage base used in the determination of the unemployment taxes due on six (6) employees for the March 31, 2004 and five (5) for the quarter ended June 30, 2004 were understated resulting in an understatement and payment of unemployment taxes.

### **Management Response**

The quarterly State Unemployment report for quarters ended March 31 and June 30, 2004 have been amended to reflect the correct wage base for all employees.

### **Finding**

While NORA's accounting department has initiated the recordation of landbanking activities, total landbank acquisition costs for each property acquired are not being tracked on a property by property basis. Specifically, we noted that legal costs associated with landbanking activities were not included in the report on landbank acquisition cost provided to us.

### **Management Response**

The accounting department has revised its recordation of landbanking activities to include legal cost. Currently, total landbank acquisition costs for each property are maintained in an Excel spreadsheet and compared periodically to the general ledgers.

### **Findings**

Our review of reports submitted for the months of January, March and June 2004 revealed the following conditions:

We were unable to agree the following reported activities to the respective supporting documents;

- Number of properties available for purchase for the months of January, March and June 2004
- Number of cases sent to NORA's attorney for the months of January and June 2004;
- Number of vacant lots available for June and March 2004;
- Number of cases received for the month of January 2004;
- Number of action deferred cases for the months of January, March and June 2004;
- Number of properties renovated for the month of June 2004; and
- Notices mailed to blighted property owners for the months of January, March and June 2004.

#### **Management Response**

NORA is in the process of realigning its database and streamlining workflow and reports. The agency is undergoing an IT assessment and anticipates implementing a strategic enterprise technology platform and system by December that will best capture and reconcile monthly programmatic activities.